

2.2 TIF Amendments

After a TID is created, the municipality may amend the TID in numerous ways. The physical area of the TID can be modified to bring property served by district improvements into the TID, or to remove developed land from a TID and return it to the tax rolls. The project plan can be amended to include new project costs or different financing plans. The increment revenue from one TID can also be allocated to help pay off the debts of another TID. Finally, the life of a TID can be extended beyond the statutory maximum (which differs based on the type of TID) if existing tax increments will not pay off project costs in the allowed time. This section details the unique features of the different amendments, and outlines the required forms and procedures.

The procedures to adopt an amendment to a TID are largely similar to those for creating the TID. The steps described here apply to each type of amendment (territory, project plan, or allocation). Extensions to the maximum life are slightly different, and special details for that amendment can be found at the end of this section.

STEP ONE: Preparation

Depending on the type of amendment being done, this step will vary. If territory changes are involved, this will require valuation forms that list and value the parcels. At the very least a change to the project plan will have to be drafted. This draft would include all affected parts of the project plan, especially the financing and cash flow information. See the discussion of each type of amendment below for more details.

STEP TWO: Notices & Hearings

There must be a Class 2 notice published in two consecutive weeks preceding the public hearing, the second insertion being at least seven days before the hearing. The notice should include a description of the amendment area, the time and date of the hearing, and inform the public that copies of the project plan will be available upon request.

A copy of the public notice must be sent to the overlying taxing jurisdictions, along with the request to form a Joint Review Board (JRB). Even if a standing JRB is already in existence, the JRB must meet before the public hearing takes place to select the board Chair and the Public Member. If the TID being amended is a blight district or a rehabilitation/conservation district notice must also be sent to the property owners in the TID.

STEP THREE: Resolutions

The planning commission must approve the amendment by resolution after the public hearing has been held. The territory amendment as passed by the planning commission is then sent to the municipal governing body. The municipal board must approve the amendment by resolution, and there are no waiting periods when passing amendments, so adoption can happen anytime after the resolution is received from the planning commission. They can adopt the same amendment as the planning commission, or they

Please note: If any of the required bodies does not adopt a resolution approving of the amendment, the changes *cannot* be certified.

may alter the amendment as they wish.

The amendment then gets sent to the JRB, who must approve the amendment by resolution within 30 days of receipt.

The municipal clerk must notify the Department of Revenue that the amendment has been adopted within 60 days of JRB approval. Amendment packets for resolutions passed before 10/1 are due by 12/31 of that year (resolutions passed after 9/30 are not due until 12/31 of the following year). For example, a resolution adopted before 10/1/2005 is due by 12/31/2005.

The specifics of each type of amendment are detailed below. The [Project Plan Amendment Checklist](#) contains a list of all the required forms and procedures for TIF amendments.

Territory

Addition – The boundaries of a TID can be expanded as long as three requirements are met. First, the addition must be contiguous to the TID. Second, the equalized value limit must be observed. Third, the newly added territory must be served by the improvements in the district's project plan. Each TID can add territory up to four times during its life.

Subtraction – The process for subtracting territory from a TID parallels the process for adding territory. The only limit on what lands can be removed from a TID demand that the TID retain contiguity after the subtraction. When doing a subtraction the equalized value limits do not apply. Municipalities that are in excess of the equalized value limits can subtract territory from a TID to increase their available TIF capacity, rather than waiting for a TID to be terminated, but more than a year will pass before the additional capacity shows up on the value limit test. Each TID can subtract territory up to four times during its life.

Please note: If a territory addition and a territory subtraction amendment are completed concurrently, they will be considered one amendment towards the limit of four. However, the charge for redetermining the base value of the TID will be \$2,000, rather than \$1,000.

Maps – The maps that are submitted as part of a territory amendment should only identify those parcels that are part of the amendment. Likewise, the legal description should only describe the amended area. If non-contiguous areas are being added or subtracted, they should be described separately. It is essential that the numbers used to identify the parcels on the map match the numbers used to identify the parcels on the valuation forms. If DOR staff cannot match the parcels identified on the map to the parcels that are listed on the valuation forms the amendment cannot be approved.

Forms – When filling out the valuation forms for a Territory Amendment, only list the parcels that are in the amended area (those being added or subtracted). The forms used for a territory amendment differ from those used for creating a new TID. Get the appropriate forms for [additions here](#) and [subtractions here](#).

- PE-608 – This form lists all of the locally-assessed property being added to or subtracted from the TID. If the amendment adds and subtracts land from the TID, separate forms will need to be filed, one listing the added parcels (PE-608) and one for the subtracted parcels (PE-608S). The assessed value of the land and improvements should be listed and totaled. Pay particular attention to the valuation year that should be used when subtracting territory.
Property annexed after the date of assessment has special treatment. Those parcels must appear on separate forms, all signed by the clerk and assessor of the municipality from which the parcels were annexed, not the annexing municipality.
- PE-615A – The Statement of Assessment for TID contains the assessed values of the real and personal property in the amended area, according to class. It is essential that the total on this form matches the totals on the other valuation forms (PE-608, and PE-601A). This form also lists the other taxing jurisdictions that have taxing authority over property in the TID amendment.

Please note: A special set of forms with numbers ending in "S" are available for subtraction amendments. There are slight differences, so be sure you are using the appropriate forms.
- PE-617A – The Assessor's Final Report for TID contains the same valuation information that the Statement of Assessment contains, but this report allows the assessor to distinguish how much of the value is located inside each overlying taxing jurisdiction. Special Supplement Area A is for areas that are within the school district, and Area B is for any special district (lake, sewer, etc.). If multiple school or special districts are in the TID, multiple forms must be submitted. If all the parcels in the TID are part of the same overlying taxing jurisdictions, the value totals for each section will be the same.
- PE-608M – This form lists the amended parcels that are state-assessed manufacturing property (class 3=manufacturing). There is no valuation information on these forms, but all the columns must be completed where applicable. The description as well as the address of each parcel should be included on this form. Separate forms should be used if the parcels have different overlying taxing jurisdictions.
- PE-619 – Any city-owned parcels that are part of the amended area must be listed on this form. The TIF Law specifically exempts municipal-owned, municipal-used property from being counted in the base value of a TID. However, when such parcels are part of the amended area, they must be identified on this form. Value information is only required for municipal-owned land that is not used by the municipality, or that sits vacant. The assessor should value these parcels at full market value, or indicate at what rate they are valuing the parcels if not full market. This form also includes the size in acres, and the current use (park, fire station, parking lot, etc.) of each parcel. Current use must be listed for each of the parcels on this form.
- PE-601A – The value of personal property on the parcels in the amended area will contribute to the redetermined base value of the TID. Personal property is assessed by the local assessor, and is classified in one of four groups: boats and other watercraft; machinery, tools and patterns; furniture, fixtures and equipment;

- and all other personal property. Again, if the parcel where the personal property is located is part of another TID, that overlapping TID number must be listed.
- PE-608MP – The personal property located at manufacturing sites is listed separately from the other personal property in the TID. This property is state-assessed, so the forms will not contain values when they are sent to DOR. The form should list the details about each location listed on the PE-608M, and the Manufacturing District Office will fill in the values for each parcel by class.
 - PA-480 – The TIF Remittance Fee form instructs the clerk to send the required fee to the appropriate address. If the amendment adds or subtracts territory the fee will be \$1,000. If the amendment both adds and subtracts territory the municipality will have to pay a \$2,000 fee. These fees are TIF eligible costs.

Project Plan Amendment

The TID project plan must contain certain elements (outlined in the [Common Language Guidelines](#) for TIF Project Plans). Plans cannot be amended to remove any of these elements, but any element can be modified as part of a project plan amendment. The most common amendments are to the section on project expenditures. After work in the TID has begun, additional projects may be needed or desirable. Also, the growth in value of the TID may generate larger tax increments than previously thought, providing the revenue stream to finance additional projects. It is important to update the financial analysis if project costs are added to the plan; the increments must still be able to pay for the improvements within the life of the district.

There are no limits on the number of project plan amendments that can be made to a single TID during its life. However, the expenditure period can only be extended once (see below).

Allocation Amendment

This type of amendment allows the municipality to divert revenue from one TID (called the "donor TID") to another TID in their municipality (called the "recipient TID"). This may be desirable when one TID is generating revenues above what was forecast, and another is performing below expectations. The JRB members and the public should understand that they will be diverting more revenue than planned to the TIF Fund if the amendment is adopted. This is because directing increment revenue from one TID to another delays the time in which a TID can fully pay its costs and be retired. This delays the return of the expanded tax base to the overlying districts.

There are two sets of criteria for allocation amendment – one for TIDs created before 10/1/95, and one for TIDs created after that date. For TIDs created before 10/1/95, the donor and recipient TIDs must have the exact same overlying taxing jurisdictions, and the donor TID must be able to demonstrate that the current increment is

Please note: The resolutions that are adopted by the planning commission and the governing body must state specifically from which TID the increments are coming, AND to which TID the surpluses are going.

sufficient to pay off all costs incurred by the TID and provides enough surplus revenue to pay some of the costs for the recipient TID.

For TIDs created after 10/1/95, the donor and recipient TID must also have the exact same overlying taxing jurisdictions, the recipient TID must be a Blighted or a Rehabilitation/Conservation TID, or – if not a Blight or Rehabilitation TID – must have projects to create, provide, or rehabilitate low-cost housing or remediate environmental contamination. Further, the donor TID must also have sufficient increment to satisfy all of its current year debt service and project cost obligations. Most importantly, once a district is made a donor district, the city or village cannot request an extension for the life of that TID.

Extension Amendment

The maximum life of a TID can only be extended by action of the Joint Review Board. The municipality must request that the Joint Review Board grant the extension, and it is the sole discretion of the Board whether or not the extension should be granted. On the other hand, the municipality may provide an independent audit that shows that the TID cannot repay its obligations in the allotted time, in which case the Joint Review Board must approve the extension.

Please note: The allowed maximum life of a TID varies based on type and creation date. Please view section 2.4 TIF Termination for more information.

The length of extension that a municipality can request varies based on the type and the creation date of the TID, but not all types are eligible for life extensions. Blighted Districts and Rehabilitation Districts created between October 1, 1995 and October 1, 2004 can get a four year extension. Any type of TID created after October 1, 2004 can get a three year extension. Any TID created before October 1, 1995 and Industrial Districts created between October 1, 1995 and October 1, 2004 are not eligible for extensions at all. This information is summarized on the TID [Criteria Matrix](#).